

Questions Regarding the Ronald Wastewater District Assumption

What services is the City providing for the fee Ronald Wastewater District (District) is currently paying?

Under the terms of the 2002 Interlocal Operating Agreement, the District pays the City an “Interlocal Operating Fee”, similar to fees other utilities pay the City. For 2013, the District paid the City \$786,127. This is approximately 6% of the District’s revenues and is in line with what the City charges other utilities.

State statute dictates what revenues cities can levy to fund general government services. Franchise fees and utility taxes are two of those sources. Accordingly, the fee from Ronald Wastewater District is used to pay for City services and programs such as police and parks.

The utility tax the District can currently charge is capped at 6%. Is it true that if the City operates the utility there is no cap on the amount of utility tax the City can charge?

Taxing authority must be expressly authorized by the State legislature, and special purpose districts do not have the power to levy any utility tax.

There is no legal limit on the utility tax rate that a city can charge a water, wastewater or stormwater utility. The City has been in the public utilities business for many years, operating and setting rates for two utilities –solid waste and stormwater. The current utility tax rate on these utilities is 6% and has remained at 6% since it was first imposed on solid waste in 2000 and stormwater in 2005. When the City assumes the District, the approximately 6% fee it currently charges the District will be replaced with a 6% utility tax.

Will the utility fees collected by the City go into an enterprise fund, or can they be co-mingled with the City’s general fund?

All fees collected for providing wastewater service are required to go into a wastewater utility fund (enterprise fund) and to be used solely to pay for the operations and capital improvements of the utility. State law does not permit utility fees to be co-mingled with the City’s general fund or to be used for funding general government programs. This is the same restriction on stormwater and solid waste fees collected by those Shoreline utilities.

The District has approximately \$7M in reserves. How does the City plan on using those funds?

Reserve funds will be used for capital improvements and operations of the wastewater utility.

What will happen to District employees at the time of assumption?

The City will need personnel to provide the wastewater services for the Shoreline community. The 2002 Interlocal Operating Agreement provides that all full-time, regular District employees will be offered the same or equivalent positions with the City. In addition, no transferred District employee’s salary will be reduced. The City will not lay off any transferred District employee for at least one year following the transfer, absent cause. A transferred employee’s anniversary date for calculating service credit toward City benefits such as leave accrual will be his/her initial full-time employment date with the District. These employee rights are in addition to two required by RCW 35.13A.090 upon assumption: accrued sick leave balances shall be transferred and the employee shall be entitled to the same vacation during the first year of employment as would have been allowed by the District.

What effect or impact does this have on the Olympic View Water ratepayers?

There is no impact. Whatever agreements exist with other entities will be honored by the City.